

2006  
Primary  
Elections

Bookkeeping  
Guide

for County

Chairs

## **2006 BOOKKEEPING GUIDE FOR COUNTY CHAIRS**

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## **CHAPTER 1 GETTING STARTED**

The first step to managing a primary finance fund is to obtain a Federal Employer Identification Number “EIN” or use the existing EIN for the primary fund. An Employer Identification Number (EIN) is also known as a federal tax identification number, and is used to identify a business entity. Generally, businesses need an EIN. EINs are used by the IRS to identify taxpayers that are required to file various business tax forms. It is very likely an EIN has been obtained previously, and it is very important to use that number if it is available. Check the files for payroll tax returns or a copy of W-2’s related to previous years’ primary funds, which contain the EIN. Several county chairs reported their EIN’s to this office. You may also want to contact this office to see if we have your current numbers in our records on file. Do not apply for another EIN if one was obtained previously! It is not necessary to obtain a new EIN for each primary election and doing so will only cause problems with the IRS!

If an EIN does not exist, it can be obtained by calling toll-free 1-800-829-4933 and speaking with a duly authorized individual (the chair or the primary fund administrator, for example) or by mailing in Form SS-4 (Application for Employer Identification Number) available at most U.S. Post Offices and local IRS offices.

The next step to prepare for managing a primary finance fund is to set up a bank account exclusively for the primary fund 2006 Primary Finance Rules - Texas Administrative Code (§81.103). An EIN is required to open a bank account. Do not use your personal social security number to open the primary fund account. This data will appear in bank records and possibly the IRS could record it as your personal account. An account from the previous primary may have been left open with a nominal balance and may be used. To aid in the opening of a bank account, the county chair or any individual may provide an interest-free loan to the primary fund (Rule §81.111). “Rule” throughout this manual refers to 2006 Primary Finance Rules - 1 Texas Administrative Code §§ 81.101.

The account must be styled “\_\_\_\_\_ County Democratic/Republican Party Primary Fund” (Rule §81.105). The signatories on the account should be the chair and any appropriately bonded persons authorized by the chair, but the county chair must personally sign all checks in excess of \$1,000, all administrative payroll checks, and any checks to sole source vendors (Rule §81.104 (c)).

Obtain a sufficient number of deposit slips and checks. The deposits to the fund will consist of filing fees collected from local candidates, a check from the state party executive committee for allocated filing fees from multiple county candidates, state funds provided by the Secretary of State, and miscellaneous revenue such as from the sale of copies. Checks will be issued from the county primary fund to pay all expenses necessary and directly related to the conduct of the primary elections. The approximate number of checks that will be necessary may be determined by referring to the financial records from previous primary elections. All primary fund checks must be printed or stamped with the statement on their face “Void After 60 Days”(Rule §81.103 (c)).

## **CHAPTER 2**

### **BOOKKEEPING OPTIONS**

Opening the bank account is a good time to decide on a method for keeping the financial records of the receipts and disbursements from primary funds.

In those cases where the chair or primary administrator does not have or cannot gain access to a personal computer, a commercial type checkbook with stubs for noting the purpose of each disbursement and nature of each deposit may suffice. A cash receipts and disbursements journal with columns for grouping the receipts and disbursements by category to be reported on the Final Primary Election Cost Report may be prepared by hand.

It is highly recommended that a simple checkbook management computer program such as Quicken, Quickbooks or MoneyCounts be used. If the chair does not already have a personal computer available to use, one may be rented with primary funds for the primary fund period from December 1 of the year prior to the primary to the end of the month in which the last county party's primary election is held (Rule §81.127

). Suggested categories for bookkeeping programs are listed in Appendix A. A checkbook management program will simplify the bookkeeping process, permit easy bank reconciliation, and facilitate the preparation of the Final Primary Election Cost Report.

**"Rule" throughout this manual refers to the 2006 Primary Finance Rules - 1 Texas Administrative Code §81.101**

CALL THE ELECTIONS FUNDS MANAGEMENT STAFF AT (800) 252-2216 OR (512) 463-5650 FOR ASSISTANCE OR CLARIFICATION OF ANY PRIMARY FUND MANAGEMENT MATTER.

## **CHAPTER 3**

### **FUNDING THE PRIMARY ELECTIONS**

The primary elections are paid for by a combination of county level candidate filing fees, allocated state level filing fees, state primary funds, and miscellaneous funds (Rule §81.102). Your county's portion of state level filing fees will be forwarded by your state party following the close of the filing period.

#### **DELETE PARAGRAPH IF PROCEDURE WILL NOT BE PUT INTO EFFECT**

**In an effort to advance funds to chairs prior to the primary and runoff election, if applicable, this office has prepared estimates based on your county party's actual expenses reported in previous primaries. The estimates reflect an averaging of actual cost from each expense from the past primary and funds will be issued based on the averaging results at 75%. If you do not wish to be advanced funds based on the averaged cost, you will need to complete the 2006 primary election cost estimate form. After the primary, each chair must complete a 2006 Final Primary Election Cost Report.**

Requests for state primary funds may be submitted to the Office of the Secretary of State as early as November 1 of the year preceding the primary elections by filing a General Primary Election Cost Estimate. Regardless of whether state primary funds are required, the primary cost estimate must be filed with the Election Funds Management Section of the Secretary of State office prior to January 27, 2006 (Section 173.081). The primary cost estimate will cover only those expenses you expect to incur during the period December 1 through March 31. The agency will review the estimate and advance 75 percent of the total net approved cost. The net approved cost is found on line G of the Primary Election Cost Estimate.

If a runoff is necessary, state funds may be obtained to cover those costs by filing a Runoff Primary Election Cost Estimate. The Secretary of State will review the estimate and advance 75 percent of the total net approved cost of the runoff. The net approved cost is found on line G of the Runoff Primary Election Cost Estimate report. The runoff estimate will cover only those expenses to be incurred during the month of April. Outstanding expenses from the primary election are not reported and paid until the Final Primary Election Cost Report is filed. Due to limited staff in the agency to process requests for funds, the estimate should be filed as soon as possible after it is determined that a runoff will be necessary, but no later than March 24, 2006.

The Final Primary Election Cost Report is filed no later than thirty days after your county party's last primary election. Section 173.084(d) of the Texas Election Code allows the forfeiture of the county chair's compensation for the failure to file a timely Final Primary Election Cost Report. All actual expenses of the primary and runoff elections are reported on this form. The Secretary of State will process warrants for 100% of approved net actual cost of the primary and runoff elections, unless the net actual cost exceeds the amount provided. The net actual cost is line I of the Final Primary Election Cost Report and should, in theory, be equal to the 25% of funding withheld from previous cost estimate payments.

**Primary estimates and final report may be submitted to this office by mail or by facsimile submission.**

## **CHAPTER 4**

### **FILING FEES & PETTY CASH**

County level filing fees collected in currency as well as checks must be deposited intact into the county primary fund and must not be used to directly pay expenses (Rule §81.106). Deposit slips should report each candidate's name alongside his or her filing fee deposit.

Candidates for district offices that file with the state chair and their filing fees are allocated among the county executive committees serving the counties that comprise the district. The filing fees are allocated pro-rata among the counties wholly or partly in each district. The state chair is required to mail each county chair a check for his portion of the filings no later than the 10th day after the date of the regular filing deadline. County chairs are required to deposit these funds directly into the primary fund account.

If a petty cash fund is established, it should be set up by writing a check for the amount of the fund (\$50 for example) payable to the petty cash custodian, and cashing the check. All petty cash purchase receipts must be kept with the primary finance records. Petty cash expenses should be reported as an office supply expense on line C7 of the Final Primary Election Cost Report.

## **CHAPTER 5**

### **CONTRACTING WITH THE COUNTY**

#### **(For a general primary)**

Many county parties contract with the county election officer to conduct some or all of the duties required for the primary and runoff election. The county election officer is the person designated by the commissioner's court to conduct county elections. Depending on the county, the election officer may be the Elections Administrator, County Clerk, or Tax Assessor-Collector. Contracting with the county election officer allows the county chair to delegate the authority and responsibility of conducting many of the election duties to an experienced full-time election staff. The experienced county election staff can operate with a greater efficiency than a part-time primary staff, which deals with elections once every two years. The county is often afforded discounts for election supplies and services which may not be available to an individual county party. Only County Elections Administrators are required by statute to contract for election services. All other county election officers have the option of contracting with the county parties. The county benefits from an election service contract by earning a 10% administrative charge on the total value of the allowable direct costs, or at least a minimum of \$75 for the services and supplies furnished under the contract.

The following county election officer duties are required by statute and may not be included for compensation in an election services contract: the filing of Title 15 reports, custodian of election records, and the conduct of early voting. The county chair is specifically required by statute to perform the following duties: the acceptance of candidate filings, certification of the election ballot, and the canvassing of election returns.

Examples of contractible duties include: Preparing, programming, and transporting voting equipment, ordering election supplies, notification of election judges, arranging polling locations, operating a central counting station, preparing justice department submissions, and conducting election schools. As a reminder, the county election officer must abide by the 2006 Primary Finance Rules, including the hourly rates for election workers. Section 31.100(e) of the Texas Election Code prohibits the compensation of regular county employees with election contract funds during normal county office hours. For example: A county employee could not be compensated for preparing election kits during normal office hours, but could be compensated for working after office hours on the same project. The rate of pay must reflect the prevailing rate in the locale for the same or similar services.

A copy of the 2006 Primary Election Services Contract with the County Election Officer is available from the Secretary of State Office. Both the county election officers must sign this contract and the county chair before it is submitted to the Secretary of State for approval. Upon the county chair's receipt of the Secretary of State's written approval, the county chair may make a deposit of primary funds with the county election officer for payment of estimated election contract costs. Please review Rules §81.123 – §81.131 and sections 31.091 through 31.123 of the Texas Election Code before entering into an election services contract.

After the primaries, the county party must obtain from the county election official a detailed billing of actual contracted expenses. These expenses must be transferred to the Report of Actual 2006 Primary

and Runoff Contracted Expenses for the County Election Contract Services form and submitted, along with the detailing billing, with the Final Cost Report.

## **CHAPTER 6**

### **PREPARING THE GENERAL AND RUNOFF PRIMARY COST ESTIMATES**

**(For a general primary or a joint primary)**

The Cost Estimates are used to issue advance funds from the Secretary of State for the approximate costs of the general primary and/or joint primary and, if necessary, runoff primary elections. Final determination as to whether an item(s) is payable with primary funds will be determined upon receipt of actual expenses on the Final Cost Report. As a reminder, the General Primary Election Cost Estimate covers the period December 1 thru March 31. The Runoff Primary Election Cost Estimate is filed after it is determined that a runoff primary is necessary. The Runoff Primary Election Cost Estimate is for the month of April only.

County parties conducting joint primaries and runoff elections automatically enter into a contract, in accordance with Section 172.126 of the Texas Election Code. This statute authorizes joint primaries and delegates the county election officer to supervise the overall conduct. A joint primary election services contract form is not completed. Instead, a joint resolution issued by the commissioner's court and approved by both party chairs and the county election official and certain statistical information must be submitted along with the primary election cost estimate form. The two-part form is signed by a majority of the full membership of the commissioner's court, and with the unanimous approval of the county election officer and the two county chairs. The forms must also be completed with statistical data relating to the joint primary, i.e., projected voter turnout countywide in the party's primary, number of election day polling places to be used, number of election day precincts, number of public buildings used, number of early voting stations, voting systems used by both parties, and number of ballots ordered. (See Figure 1: 1 TAC, §81.157 of the joint primary finance rules in order to complete.)

The following is a line by line description of completing the estimated cost form:

Check one of the boxes indicating whether you will be conducting a joint primary or contracting with your county election officer. If you are conducting a joint primary, a resolution required by Section 172.126 of the Texas Election Code must be attached. If you are contracting, a required contract in accordance with Section 31.092 must also be attached.

A 1. The projected turnout for the primary election is determined using the formula in Rule §81.116 for the general primary and Rule §81.152 for joint primaries. If you are conducting a joint primary, the county election officer must combine the turnout for each joint primary precinct for both parties. The combined statistical information shall be entered in Section B of the Joint Resolution and Statistical Information Form. For the estimated primary turnout, the Secretary of State computes this figure using the larger turnout from the 2002 or 2004 primary election and adding 25%. Written justification is required from the county chair if the party's estimated turnout exceeds the Secretary of State projection by more than 5%. The turnout projection in no way limits the number of ballots to be ordered and reported on line A8. If a runoff primary election is necessary, the estimated turnout will be computed at

35% of the 2006 primary turnout of the precincts involved in the runoff election. The Secretary of State's turnout figure must be used for computing lines B5 and B8.

A 2. The estimated number of polling locations to be used in your party's election. Each county election precinct must have a separate polling place. County election precincts may be consolidated in a primary election, by the county executive committee, pursuant to Section 42.009 of the Election Code.

A consolidated precinct is considered as a single precinct, and requires one polling place and one set of election officials. The number of polling place locations must be equal to the number of election judges for a general primary.

A 3. The total number of precincts designated by the county commissioner's court. Contact the county election officer for this number.

A 4. The estimated number of physical polling locations in which another party holds a primary election in the same building.

A 5. The estimated number of Election Day polling locations used by the party, which are owned by a political subdivision. A political subdivision is defined for this section as a tax supported entity. As a reminder, state law prohibits the payment of any charges for the use of a public building, which is normally open on election day (Rule §81.133 (a)).

A 6. The estimated total number of early voting locations to be used by the county election officer.

A 7. Indicate the type of voting systems to be used for early voting and Election Day. If you are using a DRE /Touch Screen Systems, check the name of the system used.

A 8. The estimated total number of ballots to be ordered for the primary or runoff primary election. The Secretary of State will not limit the number of ballots a county party chooses to order.

A 9. The estimated number of election kits ordered (excluding the early voting kit).

B 1. The estimated total cost of printing balloting material. Balloting material is any paper product, printed with candidate names, used in a polling place location. The estimated cost of punch card ballot stock should be included on this line.

B 2. The estimated cost of programming and testing electronic voting equipment, including optical scan systems, and Direct Recording Electronic Devices (DRE's). If this work is to be performed through the county, a County Election Services Contract must be executed and forwarded to the Secretary of State for approval (Rule §81.120 (b) and Chapter 5 of this manual.)

B 3. The estimated cost of publishing legal notices of the electronic voting system testing. Primary funds may not be used to purchase publication space for any other "non legal" notices. Secretary of State prescribes form for wording only. That format itself is not published.



NOTE: Section 172.1112(a), in conjunction with 4.003(b) of the Texas Election Code does not require that a “notice of election” for the primary or runoff be published in a newspaper. These notices are required to be posted on a bulletin board used for posting notice of meetings of the commissioner’s court. Primary funds may not be used to publish these notices in your local newspaper.

B 4. Estimated cost of non-ballot election materials given to all Election Day precincts. These materials include but are not limited to: election kits, required party stamps, and distance signs. The cost of precinct convention supplies and materials may not be paid with primary funds.

B 5A. The estimated cost of renting county owned electronic voting system election equipment and precinct tabulators. The county may not charge rent for the use of voting booths or ballot boxes. The rental rates are limited by the Election Code and restated in Rule §81.130. The number of voting devices to be rented is estimated using Rule §81.125.

B5B. The estimated cost of renting non-county owned electronic voting systems and precinct tabulators. The rental rates are stated in the Section 123.032(d) of the Texas Election Code.

B 6. The estimated cost for transporting and preparing election equipment for Election Day polling locations and central counting station.

B 7. The estimated cost and number of polling places to be rented. Rental includes any custodial costs, furniture rental, and usage rates. The number of polling places rented should not be greater than line A2 less line A5 as open public buildings must be supplied free of charge (Rule §81.125) and Chapter 9 of this manual).

B 8. The Secretary of State approves poll worker cost estimates based on line A1 divided by A2 and applying Rule §81.149 (a), (b) for a general primary and §81.149 (c) for a joint primary. All estimates will be reviewed using one of these formulas. Estimates should be based on 14 hours per worker. In accordance with §32.091 of the Texas Election Code, precinct election workers shall be compensated at \$5.15 per hour if they do not attend election training or \$7.00 per hour if they attend training. An attendance roster for the election school must be maintained and a copy may be remitted if requested by the Secretary of State for auditing purposes.

*Example: CountyZ estimates a turnout of 1680 and will be using 6 polling places and paper ballots. The formula for CountyZ would be  $1680 / 6 = 280$  voters per poll. Rule §81.117 allows 5 workers per poll  $\times 14$  hours  $\times 6$  polls  $\times \$5.15^{**}$  per hour = \$2,163 (Rule §81.120).*

**\*\*Special Note – \$7.00 per hour if precinct election worker attended training.**

The county chair has the flexibility to determine the exact number of workers needed for each polling location, but must stay within the total budgeted amount for the county. For example (general primary only): In Paper Ballot CountyZ, Poll #3 may have an estimated turnout of 500 and Poll #4 may have an estimated turnout of 110. Per Rule §81.117 (a), Poll #3 would receive 6 workers and Poll #4 would be allocated three workers. Another option is to give each precinct judge a total budget amount for his or her precinct and allow him or her to allocate the funds to workers in shifts as described in Rule §81.149

(c). In the above example, Poll #3 would receive \$420 (6 workers × \$5.15/\$7.00 per hour × 14 hours). Poll #3 could hire three workers for the full day and bring in two counting teams of three persons each at 1:00 p.m. and stay under the poll funding allocation. As a reminder, although Election Day poll workers are allocated based on the total turnout, almost 25% of the voters vote during the early voting period.

B 9. The number of election judges × the delivery fee. The delivery fee may not exceed \$15 (Rule §81.121 (c)). The number of fees to be paid may not be greater than line A2 plus one additional fee for the early voting ballot board judge. If two workers will be handling this task and both wish to be compensated, the \$15.00 fee must be split and paid to each individual. Except as provided by this section, a judge or clerk may be paid only for the actual time spent on election duties performed in the polling place or central counting station. (Rule §81.120 (c))

B10. The estimated cost of the early voting ballot board. The ballot board is the group of workers who verify, prepare, and count early voting ballots. Members of the board, including the presiding judge, may receive compensation at \$5.15 per hour if they do not attend election training or \$7.00 if they attend election training. (Rule §81.120 (a)). The staffing for a paper ballot early voting ballot board should be based on counting teams of three or four persons. Please take extra care to adequately staff the ballot board, as this is the position most often understaffed. On Election Day, periodically check on the status of the ballot board and be prepared to bring in additional workers. The early voting ballot board judge may receive a delivery fee of \$15, which is included in line B9. The persons who conduct early voting by mail and by personal appearance are selected and paid by the county.

B 11 a – h The estimated cost of the personnel working in the central counting station. As restated in Rule §81.120 (a), the Texas Election Code limits the hourly compensation for the presiding judge and central counting station clerks to the same rate as that paid to precinct election workers. The central counting station manager, tabulation supervisor, assistant tabulation supervisor, and technical support personnel working in the central counting station may be compensated at a greater rate than \$5.15 or \$7.00 per hour. The county executive committee must provide a cost estimate for hiring employees to work at the central counting station. Definitions of technical personnel are included in Sections 127.002, 127.003 and 127.004 of the Texas Election Code.

B 12. The estimated cost for the reconvening early voting ballot board who will process provisional and late ballots. This board must reconvene no later than 7 days after the election. Compensation for the additional hours are paid from primary funds at the same rate as that paid to precinct election workers.

B13. The estimated cost for the reconvening of the central counting station to process provisional and late ballots. If the early voting ballot board reconvenes to process provisional and late ballots and the ballots are counted by automatic tabulating equipment, the central counting station personnel must also reconvene to tabulate election results in accordance with Subchapter F, Chapter 87 of the Texas Election Code. Compensation for these workers is the same as mentioned in B11 of this Chapter.

B14. The estimated cost of miscellaneous Election Day expenses which cannot be reported elsewhere on this form. Election Day expenses are those costs to be incurred on Election Day or directly attributable to preparing election equipment or tabulating election returns.

B15. The estimated cost of the County Election Services Contract administrative fee. This applies to the county parties that contract with the county election officer. The estimated administrative fee is included in the contract form, line B15.

B16. The sum of lines B1 through B15.

C 1. The estimated cost of renting necessary office space. A signed office lease and three competitive bids must be attached to each cost estimate. Please review Rule §81.129. As a reminder, 377 of the 508 county chairs reported \$0 in office rental in 2004.

C 2. The estimated administrative personnel cost. Personnel attachments must accompany each estimate. Please review Rule §81. 123. As a reminder, 387 of the 508 county chairs reported \$0 in administrative costs in 2004.

C 3. The estimated administrative personnel payroll taxes.

C 4. The estimated telephone and utility costs for the primary or runoff elections. Long distance costs necessary for the conduct of the elections are payable. Only those utility costs required by an office lease submitted for payment on line C1 may be paid with primary funds.

C 5. The estimated cost of necessary furniture rental. See Rule §81.127.

C 6. The estimated cost for necessary equipment rental. See Rule §81.127.

C 7. The estimated cost of necessary office supplies. Included in this number would be the purchasing of no more than two Texas Election Codes and bank charges for checks or service fees. See Rule §81.127.

C 8. The estimated postage charges for conducting elections. Examples of postage charges include mailing election notices to election judges, returning canvassed election results, and submitting requested forms to the Secretary of State.

C 9. The estimated legal expenses of conducting elections. Contact the Election Funds Management section of the Secretary of State before agreeing to any legal expenses. Legal advice is available free of charge from the Secretary of State's Election Division at (800) 252-2216..

C10. The cost, if any, for re-printed paper ballots or re-programmed ballots.[To be reported only on Final Cost Report).

C11. a.b.c. Any estimated expense which does not fit other descriptions detailed throughout the form should be reported here.

C12. The sum of lines C1 thru C11c.

D. The sum of lines B16 and C11.

E 1. If the existing primary fund account has a balance, it should be reported here. Do not report interest-free start up loans or party funds on this line, as these funds will be considered a financing source for the primary elections. Runoff Election Only: Only available funds left after paying all approved primary expenses should be reported.

E 2. If the primary cost estimate is filed before the candidate-filing deadline, the county chair must estimate the total amount of expected county level filing fees. Runoff Election Only: If additional county level filing fees were received after primary cost estimate was filed, the unreported amount must be reported on the Runoff Estimate.

E 3. The amount of state level filing fees distributed by the state party to the county party. Runoff Election Only: If the state level disbursement is received after the Primary Estimate was filed, the unreported amount must be reported on the Runoff Estimate or if the Secretary of State has received the report of distribution at the time of processing, E3 will be adjusted accordingly.

F. Subtotal of Financing Sources. Add Lines E1 – E3.

F1. The estimated amount of contributions and miscellaneous income earned from the primary fund. Examples of miscellaneous income include; interest earned on the bank account and copy charges, fundraisers, etc.

G. Total Financing Sources. Add Lines E1 –E3.

H. 75% of Net Estimated Cost (Multiply Line G by 75%) or the 83.5% maximum amount this office can issue, if it exceeds the 75 percent.

## **CHAPTER 7**

### **LEASING OFFICE SPACE**

Office space during the primary election finance period, which runs from December 1 of the year preceding the election to the end of the month in which the last election is held (March, if no runoff or April, if there is a runoff), is helpful in those counties where numerous local candidates are running and there are numerous polling places to arrange. In the majority of Texas counties (425 out of 508), county chairs did not lease office space for the 2004 primaries, opting instead to work out of their home or place of business. As a reminder, county chairs may not rent office space from themselves or a business or entity in which the chair or chair's family has a financial interest (Rule §81.129 (e)).

In the event the county chair determines office space is necessary, suitable space may be leased only for the period beginning no earlier than December 1 of the year preceding the primary and ending March 31 of the year of the election, with an option to extend the lease for one month if there is a runoff. A copy of the signed lease and three competitive bids must be furnished to the agency. The Secretary of State will disallow any office rental funding requests, which are submitted without a copy of the signed office lease and the bids.

## **CHAPTER 8**

### **HIRING ADMINISTRATIVE HELP**

Rule §81.123 sets out the regulations governing the hiring of administrative personnel. Administrative personnel represent non-election-day office staff, paid with primary funds. Such personnel may be hired only after submitting a list of persons proposed for hiring, and receiving written approval from the Secretary of State. Rule §81.123 (c) prohibits the hiring of administrative personnel related to the chair. It is not a requirement that administrative personnel be hired. The necessity of such staff will depend on the magnitude of work involved and the chair's availability and desire to devote the necessary time to the tasks.

Administrative personnel are subject to all state and Federal payroll taxes as employees. All administrative personnel hired are required to provide a properly completed and signed Form W-4 (IRS-Employee's Withholding Allowance Certificate) and Form I-9 (Immigration and Naturalization Service-Employment Eligibility Verification). Failure to obtain and keep these forms on file can result in monetary penalties, which may not be paid with primary funds.

To avoid the extensive state and Federal wage reporting and tax responsibility for administrative personnel, there is a great temptation to designate such personnel "contract labor" and avoid such responsibility. In some cases, personnel are asked to sign documents that specify that they are independent contractors. Both the Texas Workforce Commission ("TWC") and the Internal Revenue Service ("IRS") look past the form to the substance of these arrangements. Substantial penalties and interest may be assessed for disregard of the rules and regulations, and such penalties and interest may not be paid with primary funds.

Both the TWC and the IRS apply similar standards to test the relationship between the employer and the worker to determine whether a person is an independent contractor. Generally, anyone who provides services for the business (in this case, the primary elections) is PRESUMED to be an employee until it is proven otherwise by the employer or such workers are exempted specifically from the applicable statutory coverage.

Only in very rare cases would administrative personnel correctly be considered as independent contractors. One such case might be an independent CPA or bookkeeping service, contracted to perform the bookkeeping service at their location. If the CPA or bookkeeping firm regularly did such business for other clients, had a place of business, merely picked up the checks and deposits, carried them to their office and did the bookkeeping without any direction or supervision, it would likely be determined that they were independent contractors.

If the person did the work at the primary offices, and does not do such work regularly for other clients, it would likely be determined that an employer-employee relationship existed, regardless of any signed documents stating otherwise.

Refer to Appendix C for a discussion of TWC's position on contract labor. IRS's tests related to this determination may be found in Publication 937 (Employment Taxes and Information Returns) available from the IRS at one of their local offices or by phone at (800) 829-3676.

## **CHAPTER 9**

### **ARRANGING POLLING LOCATIONS**

At the earliest time available, the county precinct map should be obtained from the commissioners' court along with the list of designated county polling locations. Persons responsible for the locations to be used as polling locations should be contacted, preferably in writing, to arrange for the use of their facilities. Referring to previous uses of the locations should provide guidance on the poll rental expenses expected.

Section 43.033 of the Texas Election Code states "(a) No charge, including a charge for personnel, utilities, or other expenses incurred before or after regular business hours, may be made for the use of a public building for a polling place if the day of the election is a day on which the building is normally open for business. If the day of the election is a day on which the building is not normally open for business, a charge may be made only for reimbursement for the actual expenses resulting from use of the building in the election."

A complete record of the locations used, the phone numbers for contacts, any particular problems encountered, and recommendations for future arrangements should be kept for use by primary election staff in future elections.

## **CHAPTER 10**

### **HIRING AND PAYING ELECTION WORKERS**

Generally, the chair of each precinct should be contacted, preferably in writing, as soon as possible after the beginning of the primary fund period on December 1, to verify that they will be available to work as precinct judges on election day. The precinct chairs should also be requested to arrange for the necessary number of election clerks to work on election day and provide the names, addresses, social security numbers of each worker (including the precinct judge), and whether each is a member of a public retirement system. Rule §81.120 and line B8 of Chapter 6 in this manual limit poll worker cost.

The precinct judge is responsible for delivering to the county chair a properly completed and signed Statement of Compensation and Oaths immediately after the polls close on Election Day. These forms are used to calculate the amounts due each election worker. Each polling location election judge or designated clerk may receive \$15 as a delivery fee for picking up and delivering election supplies. A separate check does not need to be issued for the delivery fee, but a notation should be made on the check stub and bookkeeping records of the delivery payment. Checks for poll workers' compensation should be prepared, signed by the chair, and mailed to each worker as soon as possible after the election.

Election poll workers, including election judges, alternate election judges, deputy absentee voting clerks and other "temporary" personnel who are employed directly for the primary and runoff elections, are not considered in employment for Texas Unemployment Compensation Act purposes. Please refer to Tax Letter 6-79 and Rule 13 decision (TD 89-123-0589), Account Number 99-990531-5. Other regular or

administrative employees employed by the election authority (city, county, school district, state, etc.) holding the election, are in employment.

Services performed as an election official or election worker are exempted from Federal unemployment tax, if the amount of remuneration received by the individual during the calendar year for such services is less than \$1,200 (H.R. 2015, PL 105-33, effective 8/5/97) and if state unemployment laws also exempt those earnings. The Texas Workforce Commission has ruled (see Tax Letter 6-79 referenced above) that these workers are not in covered employment.

Election workers (poll workers) are specifically exempted from Federal income tax withholding (Internal Revenue Code of 1986 Section 3401 and relevant regulations) on amounts paid to them for services performed at election booths in state, county, and municipal elections. In addition, the Secretary of State received an advisory letter dated March 25, 1992, from the U.S. Department of Justice waiving I-9 requirements for election workers. This has been interpreted by the Secretary of State to include Election Day workers at precinct polling locations, early voting ballot board personnel, and central counting station personnel.

## **CHAPTER 11**

### **PREPARING ADMINISTRATIVE PAYROLL**

Administrative personnel should be paid monthly or semi-monthly on a salary basis for full-time workers and on an hourly basis for part-time workers. Administrative personnel are subject to Federal income tax, Social Security, and Medicare tax withholding and to unemployment taxes paid entirely by the employer. In addition to the unemployment taxes, the employer pays Social Security and Medicare taxes equal to the amount withheld from employees.

Amounts to be withheld from wages for Federal income tax, Social Security, and Medicare may be determined by reference to the tables in IRS Publication 15 (Employers Tax Guide--Circular E), available from the IRS at one of their local offices or by phone at (800) 829-3676. If a computerized payroll program is used, the withholding amounts are built in and automatically determined by the number of withholding allowances and gross pay amounts.

Individual earnings records must be kept for each employee showing gross wages, amounts of each type of withholding, and the net pay amounts to permit preparation of the payroll tax reports. These records are provided by computerized payroll programs.

The employer's matching payment of Social Security and Medicare taxes along with amounts withheld should be promptly deposited with an authorized depository. Refer to Circular E for specific requirements for depositing taxes.

All administrative personnel must be provided with W-2's after the primary funding period is over, but no later than January 31 of the following year.

To avoid the need for a W-2 to be issued to an administrative employee for work in December 2005, the paycheck for that work may be dated and issued on or after January 1, 2006. For taxpayers utilizing a

cash basis, the earnings are reportable in the period they are received rather than in the period earned. If for some reason the employee is unable to wait until January 1 to receive his December wages, funds (not exceeding the net pay earned) may be advanced to him in December and deducted from his paycheck when it is issued in January.

## **CHAPTER 12**

### **PREPARING QUARTERLY/ANNUAL PAYROLL TAX RETURNS**

At the end of each calendar quarter, the employer is required to file the following payroll tax reports:

1. Forms C-3 and C-4 with Texas Workforce Commission, reporting all wages paid during the previous quarter to each employee and the total “taxable” wages (first \$9,000 paid each employee in the calendar year) paid during the quarter. (Applicable to administrative personnel only.)
2. Form 941 (Employers Quarterly Federal Tax Return) with IRS to report all wages paid during the quarter, Federal income tax withheld, Social Security and Medicare tax withheld, and the employer’s portion of Social Security and Medicare tax. (Applicable to all administrative personnel and to election workers who earn \$1,200 or more.)

Also by January 31, the employer is required to furnish each employee with a Form W-2 (Wage and Tax Statement) for the previous year’s wages. (Applicable to all administrative personnel and to those election workers who earned at least \$600.)

By the last day of February, the employer must send Copy A of all Forms W-2 with Form W-3 (Transmittal of Income and Tax Statements) to the Social Security Administration.

Refer to the instructions accompanying each form for detailed information on how to complete each form.

## **CHAPTER 13**

### **PAYING THE BILLS**

Rules §81.104 and §81.105 set forth the basic rules governing which costs may be paid with primary funds and rules on payees of checks. Generally, the primary funds may be used to pay “only expenses necessary and directly related to the conduct of primary elections.” Checks issued payable to cash or to bearer are prohibited for internal control reasons.

The chair is required by Rule §81.104 to authorize all expenditures of primary funds. That authorization should be evidenced by his signature and “ok” on the invoice. In those counties where the chair handles all the financial matters and prepares and signs checks, occasionally the evidence of approval will not be



present on the invoices. The Secretary of State recommends that approval be indicated on the invoices in all circumstances.

As checks are written on the primary fund, the Secretary of State recommends that the bookkeeping records be posted to maintain a current balance of the fund. The embarrassment and additional cost of returned checks can be avoided by keeping accurate up-to-date records on the fund.

If Quicken, Quickbooks or MoneyCounts is used for this purpose, the chair/primary administrator can be kept current of the status of the primary fund and the Final Cost Report can be produced in a matter of minutes after the last check is written. To facilitate review of the reports, a copy of the cash receipts/disbursements journal (if kept manually) or a diskette with all the electronic data files (if kept using a computerized checkbook management program) should be forwarded to the Secretary of State with your Final Primary Election Cost Report. In this way, the need for an auditor to contact you may be avoided.

The purchase and rental of election supplies and equipment are free of sales tax. In Section E of the County Chairs' Seminar handbook is a copy of the Texas Sales and Use Tax Exemption Certificate to be reproduced for all election related purchases. Complete all areas of the certificate and present to the vendor. The "purchaser claims this exemption for the following reason" portion of the form should state that items are to be used to conduct the \_\_\_\_\_ county \_\_\_\_\_ party primary election.

## **CHAPTER 14**

### **UNEMPLOYMENT COMPENSATION CLAIMS**

Primary fund administrative employees should be well aware that their employment period may not begin prior to December 1 of the year prior to the primary and is required by statute Rule §81.123 to end on the last day of the month in which the last primary election is held (general or runoff primary election). Election workers perform services only on the day of the election. Nevertheless, it is not uncommon for "chargeback notices" to be issued by the Texas Workforce Commission several months after the primary elections are over and the staffs disbanded, because some workers may be receiving unemployment compensation and report their earnings as required. Many times these notices go unheeded and Section 7 (C) (2) (B) of the Texas Unemployment Compensation Act states "an employer who does not protest his potential chargebacks within fourteen (14) days after notice was mailed to him shall be deemed to have waived his right to protest such chargebacks." These results in benefits paid to a claimant being charged back to the primary fund's account with TWC, which translates to higher unemployment tax rates and higher primary election costs.

In the event a notice of potential chargeback is received from TWC indicating that a previous administrative employee has filed for unemployment benefits, the notice should be promptly responded to with the following language:

"Section 7(c)(2)(A) of the Texas Unemployment Compensation Act provides that the chargebacks of an employer shall not include benefit payments which are based on wage credits of an employee or former employee, if the Commission finds that the employee's last separation from such employer's employment, prior to the benefit year in conjunction with which such base

period was established, was (i) a separation required by a Federal or a Texas statute or a Texas municipal ordinance...' We hereby advise you that (claimant) 's separation from employment by the \_\_\_\_\_ county's primary fund on (date) was required by Texas statute and, accordingly any benefits paid to claimant should not be charged back to this account."

In the event a notice of potential charge is received from TWC indicating that an election worker (poll worker, early voting ballot board worker, or central count worker) has filed for unemployment benefits or reported his earnings, the notice should be promptly responded to with the following language:

"Election poll workers, including election judges, associate election judges, deputy absentee voting clerks and other "temporary" personnel who are employed directly with the primary and runoff elections are not considered in employment for Texas Unemployment Act purposes. Please refer to 2.6.15 of the Texas Law Manual, Chapter 2, Section 23, Texas Workforce Commission.

Protests worded in this manner have been accepted by TWC and "benefits are not chargeable" decisions have been rendered as a result. THIS DOES NOT AFFECT A CLAIMANT'S ELIGIBILITY TO RECEIVE BENEFITS. A CLAIMANT MAY STILL RECEIVE BENEFITS IF THEY QUALIFY UNDER THE ACT. THIS MERELY MEANS THAT THE EMPLOYER WILL NOT BE PENALIZED FOR SUCH BENEFITS BY HAVING THEIR UNEMPLOYMENT TAX RATES INCREASED.

## **CHAPTER 15**

### **PREPARING THE FINAL PRIMARY ELECTION COST REPORT**

The Final Primary Election Cost Report is due to the Secretary of State not later than 30 days after the county party's last party primary election. Upon written request, the Secretary of State may extend the filing deadline. Section 173.084(d) allows the forfeiture of the county chair's compensation for failure to file a timely Final Cost Report.

The Final Cost Report should be prepared from the cash receipts & disbursements journal (for a manually kept system) summarizing the financial transactions or from the computer files (for computerized systems). If transactions have been posted currently and the records kept up to date, the preparation of the Final Cost Report can be accomplished very quickly. It is imperative, however, that the records be completed prior to preparing the report. The chair's certification states that actual costs are reported, and the only estimates that are acceptable are for the last month's utility bills.

If invoices have not been received from other vendors, the amount of their charges should be obtained by phone and recorded as unpaid charges in the primary fund records. Sufficient funds may be retained to pay these invoices when they arrive, if the costs are properly included in the Final Cost Report.

Check one of the boxes, if applicable, if you conducted a joint primary or contracted with the county election official.

A 1. The actual turnout for the primary and runoff elections. These figures can be determined by either adding the total number of votes cast in the presidential race or from the number of voters on all signature rosters.

A 2. The actual number of physical polling locations used in each election. A consolidated precinct is one in which several precincts share a common polling place and one election judge. A consolidated precinct counts as one polling location.

A 3. The total number of precincts designated by the county commissioners' court. Contact the county election officer for this number.

A 4. The number of physical polls locations in which another party held an election in the same building.

A 5. The number of Election Day polling locations used which are owned by a political subdivision. A political subdivision is defined for this section as a tax supported entity. As a reminder, state law disallows the payment of any charges for the use of a public building, which is normally open on Election Day (Rule §81.133).

A 6. The total number of early voting locations used by the county election officer.

A 7. Indicate the type of voting systems used for early voting and Election Day and the DRE system used.

A 8. The total number of ballot stock ordered for each election.

A 9. The total number of election kits ordered for each election.

B 1. The total cost of printing balloting material. Balloting material is any paper product, printed with candidate names, used in a polling location. Indicate any charges incurred for re-printing of ballots at Section C, Item 10.

B 2. The totals cost of programming, and testing electronic voting equipment including punch card, lever, optical scan systems, and direct recording electronic devices (DRE's) Indicate any charges incurred for re-programming of ballots at Section C, Item 10.

B 3. The cost of publishing legal notices of electronic voting system tests. Primary funds may not be used to purchase publication space for any other "non legal" notices. NOTE: Section 172.1112(a), in conjunction with 4.003(b) of the Texas Election Code does not required that a "notice of election" for the primary or runoff be published in a newspaper. These notices are required to be posted on a bulletin board used for posting notice of meetings of the commissioner's court. Primary funds may not be used to publish these notices in your local newspaper.

B 4. The cost of non-ballot election materials given to all election day precincts. These materials include but are not limited to: election kits, required party stamps, and distance signs. The cost of precinct convention supplies and materials may not be paid with primary funds.

B 5A. The cost of renting county owned electronic voting system election equipment and precinct tabulators. The county may not charge rent for the use of voting booths or ballot boxes. The rental rates are limited by the Election Code and restated in Rule §81.130.

B5B. The cost of renting non-county owned electronic voting systems and precinct tabulators. The rental rates are stated in the Section 123.032(d) of the Texas Election Code.

B 6. The cost for transporting and preparing election equipment for Election Day polling locations and central counting station.

B 7. The number of polling places rented and cost. Rental includes any custodial costs, furniture rental, and usage fees. The number of polling places rented should not be greater than line A2 less line A5. Open public buildings must be supplied free of charge. (Rule § 81.133 and Chapter 9 of this manual.)

B 8 A.B. The actual number of poll workers, hourly rate X actual number of hours worked and total cost of election poll workers, based on whether or not they attended or did not attend an election school certified by the secretary of state's office.

B 9 A. B. The number of election judges × the delivery fee. The delivery fee may not exceed \$15 Rule §81.121. The number of fees to be paid may not be greater than line A2 plus one additional fee for the early voting ballot board judge. If two workers handled this task and both wish to be compensated, the \$15.00 fee must be split and paid to each individual.

B 10 A.B. The cost of the early voting ballot board personnel. The ballot board is the group of workers that verified, prepared and/or counted early voting ballots. The persons who conduct early voting balloting are selected and paid by the county. No member of the board, including the presiding judge, may receive compensation greater than \$5.15 per hour if the did not attend an election school or \$7.00 per hour if they did attend an election school Rule §81.120. The early voting ballot board judge may have received a delivery fee of \$15, which is included in line B9.

B 11 A. B. The cost of the personnel working in the central counting station. As restated in Rule 81.120, the Texas Election Code limits the hourly compensation for the presiding judge and central counting station clerks to the same rate as that paid to precinct election workers. For the 2006 elections, this rate is \$5.15 per hour, if the worker did not attend and election school and \$7.00 per hour if the worker attended an election school. The central counting station manager, tabulation supervisor, assistant tabulation supervisor, and technical support personnel working in the central counting station may be compensated at a greater rate than \$5.15 or \$7.00 per hour. Definitions of technical personnel are included in Sections 127.002, 127.003 and 127.004 of the Texas Election Code.

B 12 A.B The cost for persons preparing unofficial tabulation of the election returns on election night. The rate of pay for these workers is limited to a maximum of \$5.15 per hour. Very few counties employ these workers.

B13 A.B. The cost for the reconvening early voting ballot board who processed provisional and late ballots. This board should have reconvened no later than 7 days after the election. Compensation for

the additional hours are paid from primary funds at the same rate as that paid to precinct election workers.

B14 A.B. The cost for the reconvening of the central counting station to process provisional and late ballots. If the early voting ballot board reconvened to process provisional and late ballots and the ballots are counted by automatic tabulating equipment, the central counting station personnel should have also reconvened to tabulate election results in accordance with Subchapter F, Chapter 87 of the Texas Election Code. Compensation for these workers is the same as mentioned in B11 of this Chapter.

B 15 A. B. Any miscellaneous Election Day expenses which cannot be reported elsewhere on the report. Election Day expenses are those costs incurred on Election Day or those directly attributable to preparing election equipment or tabulating election returns.

B 16 A.B. The County Election Services Contract administrative fee. This applies to county parties that contract with the county election officer and is paid at 10% of the actual costs incurred by the county, but may not be less than \$75. (Rule §81.131).

B17. The sum of all primary costs lines B1A through B15A.

B 18. The sum of all runoff costs lines B1B through B15B.

B 19. Total Election Day costs of general and runoff primary. The sum of all lines B1A through B18.

C 1. The actual cost of renting necessary office space. Please review Rule §81.129.

C 2. The gross wages paid to administrative personnel. Personnel attachments must accompany each report. Please review Rule §81.123.

C 3. The employer's portion of administrative personnel taxes. Please refer to Chapters 5, 6, 7 and Appendix B of this manual for information concerning this issue. The employees' gross wages are to be reported on line C2.

C 4. The actual telephone and utility costs. Only those utility costs required by an office lease submitted for payment on line C1 may be paid with primary funds. The last month's bill may be estimated.

C 5. The cost of renting necessary furniture. See Rule §81.127.

C 6. The cost of renting office equipment. See Rule §81.127.

C 7. The cost of necessary office supplies used in administering the primary elections. Included in this number would be the purchasing of no more than two Texas Election Codes. See Rule §81.127.

C 8. The postage charges for conducting elections. Examples of postage charges include mailing election notices to election judges, returning canvassed election results, and submitting requested forms to the Secretary of State.

C 9. The legal expenses of conducting elections. Contact the Election Funds Management section of the Secretary of State before agreeing to any legal expenses (Rule §81.134). Legal advice is available free of charge from the Secretary of State's Election Division at (800) 252-2216.

C10. The cost for re-printed paper ballots, re-programming charges. Receipts for these expenses must be attached.

C11. Any expense, which does not fit other descriptions detailed throughout the report, should be reported here.

C12. The sum of lines C1 through C11.

D. Total primary cost. The sum of lines B19 and C12.

E. The county chair's compensation is computed at 5% of line D, excluding cost for legal fees, ballot reprints, re-programming or similar corrective measures. The compensation may not be less than \$300 nor more than \$8000. (Rule §81.119) The chair's compensation may not be paid until this report has been approved. Section 173.084(d) allows the forfeiture of the county chair's compensation for the failure to file a timely Final Cost Report. See Chapter 13 of this manual for further information.

F. The sum of lines D and E.

G 1. If the existing primary fund account had a beginning balance, it should be reported here. Do not report interest-free start up loans or party funds on this line, as these funds will be considered a financing source for the primary elections.

G 2. The net total of county level filing fees. Total filing fees collected less any filing fees refunded.

G 3. The amount of state level filing fees distributed by the state party to the county party.

G 4 A. B. The amount of funds advanced from the Secretary of State for the primary and runoff, if any.

H. Subtotal of Financing Sources. Add Lines G1 – G4b)

I. The amount of contributions and miscellaneous income earned from the primary fund. Examples of miscellaneous income include: interest earned on the bank account, copy charges, contributions from fundraisers, etc. on this line.

J. Total Financing Sources. The sum of G1 – G4b)

K. Subtract lines I from Line F. Surplus funds should be refunded to the Secretary of State with the Final Primary Election Cost Report.

## **CHAPTER 16**

### **PAYING THE COUNTY CHAIR'S COMPENSATION**

Section 173.004 of the Texas Election Code provides that county chairs may receive compensation for administering primary elections. The compensation may not be less than \$300 nor greater than \$8,000 or 5% of the total cost of the primary elections (excluding the chair's compensation), whichever is less. In addition, cost associated with ballot re-prints; legal fees, programming errors, reprogramming and county contracted services will not be included in calculating the county chair's compensation. Section 173.084(d) allows the forfeiture of the county chair's compensation for the failure to file a timely Final Cost Report. Rule §81.107 prohibits the payment of the chair's compensation until the Secretary of State has approved the Final Cost Report and so notified the chair of the approval in writing.

A separate warrant will not be issued for the chair's compensation but will be included in the final payment per line I of the Final Primary Election Cost Report. If a surplus is indicated by line I, the expected county chair's compensation should be withheld from any refund of money to the Secretary of State. The county chair is not required to request and accept any compensation.

Checks for the chair's compensation must be made payable to the chair. Chair compensation is considered to be a fee paid to a public official rather than "wages" and as such is exempted from Federal income tax withholding and FICA taxes (IRC of 1986, Sect. 3401, and accompanying regulations) as well as from state and Federal unemployment taxes.

For amounts of \$600 or more, a Form 1099-MISC should be provided the chair reflecting the compensation as "non-employee compensation." Failure to provide the form to the chair by January 31 of the following year and to the IRS by February 28 of that year can result in monetary penalties not payable with primary funds as well as directing attention to tax returns.

## **CHAPTER 17**

### **CLOSING OUT THE PRIMARY FUND**

All remaining unexpended and uncommitted primary funds are required to be returned to the Secretary of State by July 1 following the primary elections (Rules §81.107). After the primary the bank account must be closed.

Copies of all monthly primary fund bank account statements, Quicken Records (bank register), and invoices, bids and receipts for each item and each line item totaling more than \$2,000 and more must accompany the filing of the Final Cost Report.

## **Appendix A**

<b>Elecprog P</b>	Program and test primary voting equipment, line B2A
<b>Elecprog R</b>	Program and test runoff voting equipment, line B2B
<b>ElecworkerP</b>	Primary election poll workers, line B8A
<b>ElecworkerR</b>	Runoff election poll workers, line B8B
<b>EquiprentP</b>	Election equipment rental for primary, line B5A
<b>EquiprentR</b>	Election equipment rental for runoff, line B5B
<b>Furnrent</b>	Office furniture and equipment rental, line C5
<b>Legal</b>	Approved legal fees, line C8
<b>Miscadmin</b>	Miscellaneous administrative costs, line C9
<b>MiscelecP</b>	Miscellaneous election day costs for primary, line B15A
<b>MiscelecR</b>	Miscellaneous election day costs for runoff, line B15B
<b>Offrent</b>	Office rental, line C1
<b>Offsal</b>	Office salaries, line C2
<b>Offsup</b>	Office supplies, line C6
<b>Paytaxad</b>	Employer's portion of administrative payroll taxes, line C3
<b>Paytaxel</b>	Employer's portion of election worker payroll taxes, line B14
<b>Phonutil</b>	Telephone & utilities for office, line C4
<b>Poll P</b>	Poll rental expenses for primary, line B7A
<b>Poll R</b>	Poll rental expenses for runoff, line B7B
<b>Postage</b>	Postage expenses, line C7
<b>Printing-P</b>	Printing ballot materials for primary, line B1A
<b>Printing-R</b>	Printing ballot materials for runoff, line B1B



<b>Pub P</b>	Publication notice for primary, line B3A
<b>Pub R</b>	Publication notice for runoff, line B3B
<b>Transp P</b>	Transport and prepare primary voting equipment, line B6A
<b>Transp R</b>	Transport and prepare runoff voting equipment, line B6B
<b>Tech P</b>	Technical personnel for primary central count, line B11Ab
<b>Tech R</b>	Technical personnel for runoff central count, line B11Bb

### **Liability Accounts**

<b>Acctpay</b>	Accounts payable
<b>Med wh</b>	Medicare taxes withheld from workers
<b>Inc wh</b>	Federal income taxes withheld from administrative workers
<b>SS wh</b>	Social Security taxes withheld from workers

## Appendix B

### County Primary Funds Payroll Taxes Applicable 2006 Primary Elections

#### For Administrative (Office) Workers

Description of Tax	Rate	Form Reported On	Authority
Withheld from worker's pay-			
Federal income tax	Table in Pub 15	Quarterly Form 941	Section 3402 IRC
Social Security	.062	Quarterly Form 941	Section 3101 IRC
Medicare	.0145	Quarterly Form 941	Section 3101 IRC
Paid by employer-			
Social Security	.062	Quarterly Form 941	Section 3101 IRC
Medicare	.0145	Quarterly Form 941	Section 3101 IRC
State unemployment tax	Varies	Quarterly TWC Form C-3	Texas Unemploy. Tax Act
Federal unemployment tax	.062 less credit for state unemp taxes paid	Annual Form 940	Federal Unemployment Tax Act (see IRS Pub 15)
W-2's required to be furnished to all administrative workers regardless of amounts paid			
W-4's and I-9's required to be kept on file for each worker			

#### For Election Poll Workers, Including Early Voting Ballot Board

Description of Tax	Rate	Form Reported On	Authority
Withheld from worker's Pay-			
Social Security, if paid \$1,200 or more in calendar year	.062	Quarterly Form 941	Section 3121(b)(7)(F)(iv) IRC
Medicare, if paid \$1,200 or more in calendar year	.0145	Quarterly Form 941	Section 3121(b)(7)(F)(iv) IRC
Note: Election poll workers are specifically exempted from Federal income tax withholding requirements by Section 31.3401(a)2(b)(2), IRC Regs.			
Paid by employer-			
Social Security, for each worker paid \$1,200 or more in calendar year	.062	Quarterly Form 941	Section 3121(b)(7)(F)(vi) IRC
Medicare, for each worker paid \$1,200 or more in calendar year	.0145	Quarterly Form 941	Section 3121(b)(7)(F)(vi) IRC
Note: Employers of election poll workers who earn less than \$1,200 in a calendar year are exempted from paying Federal unemployment tax on those workers' earnings by Section 5405 PL 105-33 signed in August 1997, if their state unemployment laws also exempt those earnings. <u>2.6.15 of the Texas Law Manual, Chapter 2, Section 2.3 of the Texas Workforce Commission</u> determined that election judges and their assistants are not in covered employment for purposes of Texas unemployment taxes. ( <a href="http://www.twc.state.tx.us/ui/tax/manuals/law/law_ch2_03.html">www.twc.state.tx.us/ui/tax/manuals/law/law_ch2_03.html</a> )			
W-2's required to be furnished to election poll workers by employers who pay the worker \$600 or more in a calendar year, per IRS Revenue Ruling 2000-6. No W-2 requirement for those workers paid less than \$600 in a calendar year by an employer, except in certain situations. See Revenue Ruling for detailed examples.			
I-9's are not required for election poll workers per special waiver from INS			

Note: Compensation paid to county chair under Section 173.004 of the Texas Election Code is considered to be a fee paid to a public official rather than "wages" and as such is exempted from Federal income tax withholding and FICA taxes (social security and medicare) by Section 3401 IRC and accompanying regulations as well as from state and Federal unemployment taxes. Amounts paid of \$600 or more should be reported on a Form 1099-MISC as "nonemployee compensation".

## Appendix C

### Paying Independent Contractors

If you pay independent contractors, you may have to file Form 1099-MISC, Miscellaneous Income, to report payments for services performed for your trade or business. If the following four conditions are met, you must generally report a payment as nonemployee compensation.

1. You made the payment to someone who is not your employee;
2. You made the payment for services in the course of your trade or business (including government agencies and nonprofit organizations);
3. You made the payment to an individual, partnership, estate, or in some cases, a corporation; and
4. You made payments to the payee of at least \$600 during the year.

The [Form 1099-MISC, Miscellaneous Income \(PDF\)](#), is transmitted with the [Form 1096, Annual Summary and Transmittal of U.S. Information Returns \(PDF\)](#), which is similar to a cover letter for your Forms 1099-MISC.

Refer to [Instructions for Form 1099-MISC \(PDF\)](#), and [Publication 1220, Specifications for Filing Form 1098, 1099, 5498 and W-2G Magnetically or Electronically \(PDF\)](#) for more information.

#### Information Reporting Call Site

The IRS operates a centralized call site to answer questions about reporting on Form 1099 and other information returns. If you have questions related to reporting on information returns, call (304) 263-8700. Refer to [Employee vs Independent Contractor](#) for help in distinguishing between the two.

A general rule is that the EO, as the payer, has the **right to control or direct only the result of the work** done by an independent contractor, and **not the means and methods of accomplishing the result**.

**Example:** Donna Lee works full-time as an appraiser for a tax-exempt museum. Donna works five days a week, and is on duty in the museum's office on assigned days and times. Her appraisals and proposals are subject to the museum curator's approval. Lists of leads of prospective sellers of art belong to the museum. Because of Donna's experience, she requires only minimal assistance in appraising art and preparing proposals, and in other phases of her work. In addition to paying Donna's wages, the museum pays the cost of health insurance and group-term life insurance for her. Donna is an employee of the tax-exempt museum.

Refer to [Paying Independent Contractors](#) if you need information on what your responsibilities are when paying contractors.